

**ASSEMBLY BILL**

**No. 704**

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**Introduced by Assembly Member Cooley**

February 25, 2015

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An act to add Section 12340.12 to the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 704, as introduced, Cooley. Insurance.

Existing law provides for the regulation of title insurers and underwritten title companies by the Insurance Commissioner. Existing law, the Escrow Law, defines escrow agents and regulates their activities. Existing law requires that prior to the disbursement by an underwritten title company from any escrow account each underwritten agreement shall contain certain written procedures reasonably calculated to prevent the misappropriation, disappearance, or wrongful use of funds. Existing law defines escrow as a transaction in which one person, for the purpose of effecting a sale or transfer to another, delivers a thing of value to a 3rd person to be held by that person until the happening of a specified event or the performance of a prescribed condition, when it is then to be delivered.

This bill would define “escrow” as it relates to transactions involving an insurer, underwritten title company, or controlled escrow company as a transaction in which one person, for the purpose of effecting a sale or transfer to another, delivers a thing of value to a 3rd person to be held by that person until the happening of a specified event or the performance of a prescribed condition, when it is then to be delivered.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 12340.12 is added to the Insurance Code,  
2 to read:  
3     12340.12. “Escrow” means any transaction in which an insurer,  
4 underwritten title company, or controlled escrow company, for the  
5 purposes of effecting the sale, transfer, encumbering, or leasing  
6 of real or personal property, regardless of the location of the real  
7 or personal property, delivers any written instrument, money,  
8 evidence of title to real or personal property, or other thing of value  
9 to a third person to be held by that third person until the happening  
10 of a specified event or the performance of a prescribed condition,  
11 when it is then to be delivered by that third person to a grantee,  
12 grantor, promisee, promisor, obligee, obligor, or any agent or  
13 employee of any of the latter.

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